



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	HB0784	<b>Title:</b>	Tax holiday after budget is funded
<b>Primary Sponsor:</b>	Butcher, Edward B	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL ANALYSIS

#### Assumptions:

1. A "general fund budget surplus" means a determination made by the budget director and certified to the governor that general fund revenue has exceeded the amount necessary to pay general fund obligations for the current fiscal year by more than \$50 million.
2. The budget is based on appropriating part of the projected FY 2007 general fund ending fund balance in FY 2008. Therefore, it is assumed for the purposes of this fiscal note that a "general fund budget surplus" will not occur in FY 2008.
3. In FY 2009, the anticipated revenues are approximately equal to the general fund obligations. Thus, there is no anticipated "\$50 million general fund budget surplus" for FY 2009. Should one be anticipated to occur in FY 2009, the legislature will be in session and will have the opportunity to adjust the expenditures or revenue laws FY 2009 or let the tax reduction occur. Therefore, it is assumed for the purposes of this fiscal note that a "general fund budget surplus" will not occur.
4. Because there is no expected "general fund budget surplus", this legislation has no expected fiscal impact.
5. However, if a "general fund budget surplus" occurs, the Department of Revenue indicates there would be substantial administrative costs in implementing the tax holiday. These implementation activities

including informing the public and businesses about the state holiday, altering tax forms, updating withholding tables, and prorating taxable income and tax credits appropriately and fairly. There may also be some cost-savings that would arise from the suspension of withholding, but it is unlikely that the savings will be greater than the costs of temporarily altering the tax system.

**Technical Concerns:**

1. Section one indicates that the tax holiday would start on the first day of the month following the certification of the surplus and would continue until the following June 30. If this certification, occurred in the month of June, it appears that the tax rate would be reduced for the following fiscal year and as drafted, no withholding or estimated payments for individual income or corporate license taxes would be collected for the following fiscal year.
2. Subsections 1 and 2(a) reference corporation license tax, whereas subsection 2(c) references both corporation license tax and corporate income tax. This inconsistency should be addressed.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*